

Insurance FAQ Document For County Clerks

Updated February 3, 2011

Registration Questions:

1. **COMMERCIAL LEASED VEHICLE**---Example: Customer has truck titled in their name, but has a lease agreement with a company and the company keeps the insurance. What documentation is acceptable other than a lease agreement between the customer and the company?

The lease agreement is the only documentation required.

2. **SCENARIO**—

A.) A vehicle is titled in a company's name. The customer is an employee of that company and the customer carries the insurance.

B.) The vehicle is titled in the customer's name and their company carries the insurance on the vehicle.

In either situation, the name on the insurance card will not match the registration. Are there any provisions for that?

In most cases, when a vehicle is titled in a company's name but the individual carries the insurance, there will be a lease agreement, like in situation A. In these cases, the lease agreement is acceptable.

When there is a name mismatch because of an understanding (no lease agreement) between an individual and the company they work for, like situation B, a written document between the two parties involved can be accepted. This written document needs to include the VIN for the vehicle involved, the two parties involved, and notarized signatures from both parties.

3. **CUSTOMER COMPLAINT**: Vehicle is registered in Kentucky. The child goes to college out-of-state and carries the insurance for that state. The clerk informs the customer they must have Kentucky insurance to renew. Is this correct?

If a vehicle is registered in Kentucky it must be insured by a company admitted to do business in Kentucky (KRS 304.39-090). The only exception is if the owner is in the military and presents an affidavit from the provost marshal.

- 4. A business has a fleet policy. As long as the vehicle is covered under the fleet policy, can this insurance be accepted to renew:**

A vehicle titled in the business owner's name? *YES, with proof of ownership*

A vehicle titled to his secretary? *YES, if a lease agreement is presented*

A vehicle titled to the owner's wife? *YES, if not co-owner, need lease agreement*

A vehicle titled to the owner's child who's away at college? *YES (same as wife)*

- 5. For the same business, can the insurance be used for:**

A vehicle titled to the parent company? *YES, with acceptable proof of the business relationship or a lease agreement.*

A vehicle titled to a subsidiary company? *YES, with acceptable proof of the business relationship or a lease agreement.*

A vehicle titled in the business' previous name? *NO, if the name no longer exists, the company will need to have the title updated.*

- 6. If a customer is living temporarily in another state, should they keep their insurance in Kentucky or the state they are living in temporarily?**

If the customer registers their vehicle in Kentucky, the insurance company must be registered to do business in Kentucky.

- 7. A customer turns in their motor home plate and drops the insurance for a period of the year. Will the customer receive an uninsured notice letter?**

NO. This situation should be handled as an exemption (option #2 on the IU menu). An uninsured notice letter will not be generated.

- 8. Can a clerk accept a proof of insurance card for a fleet policy if there is no VIN listed? Can a clerk accept alternative proof of insurance from an out of state insurance company if they are registered to do business in Kentucky?**

A fleet policy that covers more than 5 vehicles will not list the VIN for each of the vehicles. County Clerks should accept the proof of insurance if the driver shows proper paperwork regarding a lease agreement with the trucking company and the insurance company is registered to do business in Kentucky. If a card is

shown as proof, the card must state “Commonwealth of Kentucky” and show the NAIC number and policy type.

Alternative proof should be accepted if the insurance company is registered to do business in Kentucky.

9. Are all fleet insurance cards commercial?

NO, fleet does not mean commercial. Fleet means the person has 5 or more vehicles that are under one owner. A person can have fleet with personal policies. Fleet cards must meet all insurance card requirements like PL/CL, NAIC #, and Commonwealth of Kentucky.

10. COMMERCIAL vs. INDIVIDUAL POLICY: A customer comes in to renew their registration. The vehicle is titled to the individual, but the insurance is carried through the company the individual works for. Or, the vehicle is titled in the company name and the company carries the insurance. The customer has a lease agreement, but the insurance policy is personal. Is this acceptable, or should the insurance be a commercial policy.

Kentucky has no regulations that would require the policy type to be commercial. Each insurance company follows its own rules that set the criteria for what they will write as a personal or commercial policy. The policy type depends on how the insurance company classifies the policy.

If a vehicle is owned by a company it is likely being used for business full time and the insurance company is likely to issue a commercial policy but that is not a statutory mandate.

11. Can a clerk accept a written lease agreement between a parent and child?

Contact your County Attorney for guidance on this issue.

12. SCENARIO:

Customer receives an uninsured notice and comes into the clerk’s office. The customer says they have a Historical license plate and don’t keep insurance on the vehicle for the whole year because they only use the vehicle for a part of the year. The customer is told that if you drop insurance on a registered vehicle, the plate must be turned in. This upsets the customer, because they were told the Historical plate is a “lifetime” plate and they shouldn’t have to

pay for another plate when insurance is put back on the vehicle. How does a clerk handle this?

KRS 304.39-090 states that an owner may not operate a vehicle in Kentucky until insurance has been provided. An owner who fails to maintain insurance on their vehicle shall have their vehicle registration revoked.

If a customer comes in to the office to turn in their Historical plate because they have dropped the insurance, the clerk can cancel the registration on the RC screen with the code CCN. Whenever the customer decides to put insurance back on the vehicle and get the plate back, the clerk can reactivate the plate on the RC screen with an ACE code at no charge to the customer.

If the historical plate is lost, the clerk can go to the RD screen and do a plate replacement for \$6.00.

Name Questions:

- 1. The registration is in the individual's name, John Smith. The insurance card has a combination of at least one of the following: (a) John & Drywall Solutions, (b) Smith & Drywall Solutions, or (c) John Smith & Drywall Solutions. Would a "one and the same" affidavit be acceptable to use?**

A "one and the same" affidavit can be considered, based on recommendation from your County Attorney. The clerk can also accept a business license that proves ownership of the business.

- 2. A vehicle is titled in the husband's name, but the wife carries the insurance. Are there other provisions or does the husband's name need to be on the proof of insurance card?**

The husband's name must appear on the card because the vehicle is titled in the husband's name. KRS 304.39-090 requires the owner of the vehicle to maintain insurance. 806 KAR 39:070 requires the name of the named insured to appear on the card.

- 3. The name on the registration/title differs from the name on the insurance card due to marriage or divorce. The clerk requires a document showing the name change to accept the card with a different name. Is this correct?**

YES, legal documentation is required. A marriage license or court-ordered name change would be acceptable.

- 4. How strict do clerks need to be when policing Jr., Sr., or III? Example: Title is in John Smith Jr. and the insurance card reads John Smith. Can the clerk accept the insurance card or does the clerk need to get proof of Jr. status?**

A "one and the same" affidavit can be considered, based on recommendation from your County Attorney.

- 5. Registration and title of the vehicle is in the son's name and the insurance is in the parent's name. Parent will have the son's name on the insurance card as a rider. The requirement has been that the insurance must be in the son's name. Is this correct?**

Yes. KRS 304.39-090 requires the owner of the vehicle to maintain insurance. 806 KAR 39:070 requires the name of the named insured to appear on the card.

- 6. Is it acceptable for someone to have insurance in their maiden name if they show proof that they recently married?**

YES, it is acceptable if the proper legal documents are presented.

- 7. Can County Clerks accept insurance in someone's nickname if the title is in birth name, or vice versa?**

NO, in this situation the name on the title should match the name on the insurance card.

- 8. What about a vehicle insured in a business name but the vehicle is registered to an individual?**

The customer must provide proof of business ownership or a lease agreement.

Proof of Insurance Cards:

1. **How do clerks know how many different styles of insurance cards one insurance company has and when they change the style of their cards?**

806 KAR 39:070 sets the guidelines for the card's size and contents. Cards issued by an insurance company may appear different from cards issued by an agent.

2. **Why can't clerks write the NAIC number on the card if it is confirmed with the insurance company over the phone?**

According to 806 KAR 39:070 Section 2, paragraph 4, the NAIC number must be printed on the card already.

3. **NAIC numbers are not matching. Example: AIG has a 12 or 012 listed on the customer's insurance card. Both numbers are invalid. When the clerk contacts the insurance company, the company is already aware of the situation but the cards continue to be issued with these invalid NAIC numbers. What can be done?**

If the clerk wishes to bring the continuing issue of non-compliance by one company to the attention of the Department of Insurance (DOI), a copy of the card can be faxed to (502) 564-2728, or emailed to Robin Coombs at robin.coombs@ky.gov.

4. **Does the name on the insurance card have to match the name on the uninsured notice letter?**

YES, the name on the insurance card must match the name on the letter. The name that appears on the letter is the name that is on the registration.

5. **A customer comes in to complete a transaction in the clerk's office that requires proof of insurance. The clerk enters in the NAIC number and AVIS shows that the NAIC number is not a valid company code. The clerk cannot locate the NAIC number on the DOI website or in any other records. Does the clerk contact the insurance agent or does the clerk give the insurance agent's information to DOI or MVL for them to handle? What type of explanation does the clerk give the customer?**

A customer's insurance company must be registered to do business in Kentucky in order to be valid when registering or renewing a vehicle. All companies registered to do business in the Commonwealth will have their NAIC number listed on the DOI website. Clerks can contact MVL in order to confirm a particular company's NAIC number. If the NAIC number is not verified through MVL, the customer must contact their insurance company.

- 6. If the insurance card does not have personal, commercial, PL, or CL printed on it can the clerk's office or the customer contact the agent and handwrite the policy type on the insurance card? Does the clerk have to contact the agent/company or can the clerk ask the customer what their policy type is?**

No, nothing handwritten can be accepted. 806 KAR 39:070 requires the policy type be indicated on the insurance card. The insurance company will need to correct the card before it can be accepted.

- 7. If the insurance card has a NAIC number, does that mean it is acceptable?**

Having a NAIC number does not ensure that the insurance provider is registered to do business in the state of Kentucky. Clerks can call the MVL Helpdesk at 502-564-5301 to check on a company's current status.

- 8. Does the "45 Days" statement in KRS 304.39-117 mean 45 days from the date on the uninsured letter or 45 days from the day the customer comes into the office?**

This statute refers to acceptance of the insurance card by a peace officer in the event that AVIS does not list the VIN as insured. In such case the officer can accept the card as evidence of coverage if the card was issued no more than 45 days before the date the peace officer is looking at the card.

The same logic follows for acceptance of the card by the clerk for registration. This aims to prevent acceptance of an insurance card for a policy that has been cancelled prior to the time the card is being presented.

- 9. Can a clerk accept an insurance card that has the NAIC and Commonwealth of Kentucky printed on it but has other information handwritten?**

Sometimes an insurance company will have printer/computer problems and will issue a card like the one mentioned above. If the clerk feels like the card is legit, they can accept it or verify with the insurance company that the policy is in force.

If the clerk feels like the card is fraudulent, they should contact L. Clark Williams, Director of the Department of Insurance's Fraud Division at 502-564-1461.

Military Questions:

1. **When a person in the military is deployed, the clerk can accept out-of-state insurance with an active military ID. What other documentation other than the ID can the clerk accept from a customer in the military?**

According to 806 KAR 39:070 Section 3, paragraph 6, a letter from the provost marshal (highest ranking officer) would be acceptable. A pay stub of the enlisted would also be acceptable.

2. **Other than the military, are there any scenarios where the proof does not have to say "Kentucky" insurance?**

See 806 KAR 39:070 Section 3 for the various methods of proving financial responsibility. If a customer is not in the military, the insurance company must be registered to do business in Kentucky. If the customer is presenting a card as proof of insurance, the card must state "Commonwealth of Kentucky" and have the five-digit NAIC number.

Other Questions:

1. **Certificates of Liability do not need to state "Kentucky," but commercial lines need the NAIC number. Is this correct?**

It is not mandated the Certificate of Liability state "Kentucky." Clerk should verify that the insurance company is registered to do business in the Commonwealth. Clerks can call MVL Helpdesk at 502-564-5301 to check a company's status.

2. **Customers do not understand the difference between "NAMED INSURED" and "ADDITIONAL DRIVER." Is "named insured" still required?**

YES, named insured is still required.

Named Insured: interest in the vehicle
Additional Driver: just drives the vehicle

3. **When a customer comes into the clerk's office to transfer a vehicle into a name of a trust, why does the insurance have to be in the name of the trust?**

The insurance can be in the customer's name IF they show legal documentation showing they are the executor of the trust.

4. **What is the difference between "ADDITIONAL INSURED" and "ADDITIONAL INTEREST"?**

"Additional insured" and "additional interest" have the same meaning.

5. **Most "ACORD" certificates do not specify that it is Kentucky insurance. Are these certificates acceptable proof of insurance?**

YES, per 806 KAR 39:070 Section 3, if the certificate is issued by an agent who holds a Kentucky license.

6. **The clerk receives proof of insurance that lists the individual under the following various terms. Which are acceptable?**

Insured: Acceptable

Driver: Not Acceptable

Additional Insured: Acceptable

Additional Driver: Not Acceptable

Policy Holder: Acceptable

Excluded Driver: Not Acceptable

Certificate Holder: Acceptable

7. **Is commercial insurance exempt from the "Kentucky" insurance and NAIC number requirements?**

*The insurance card, whether it is personal or commercial, must have "COMMONWEALTH OF KENTUCKY" and the NAIC NUMBER printed on it. Clerks do not currently have to enter the NAIC number into the computer if the card is a commercial policy. *Note: This will change once modifications are made to the system that will require the NAIC Code for commercial insurance. If the proof is not an insurance card then it does not have to say "Commonwealth of Kentucky" or have the NAIC number printed on it. Either way, the insurance company must be registered to do business in Kentucky.*

- 8. Does the insurance card have to specifically state “Commonwealth of Kentucky Proof of Insurance” or can it read “Commonwealth of Kentucky” and then have “Proof of Insurance” or “Insurance Identification Card” printed in another location on the card?**

*The information can be stated in different ways as long as all of the information required on the insurance card is present. **DECLARATION PAGES** and **BINDERS** are not required to have “Commonwealth of Kentucky.”*

- 9. Is the policy type (Personal or Commercial) on all types of policy paperwork such as Declaration Pages, Binders, Certificates of Insurance, etc...?**

NO. The policy type must be indicated on the proof of insurance card. It is not required on a certificate of insurance, an insurance policy, a letter from the Kentucky Automobile Insurance Plan, a provost marshal affidavit, or a DOI letter regarding self-insurance.

- 10. What can county clerks do about an inactive insurance company issuing proof of insurance cards?**

When an insurance company is inactive, their NAIC number will not be recognized by AVIS. If an insurance company is inactive, they are not admitted to do business in the Commonwealth. Clerks can call MVL Helpdesk at 502-564-5301 to check a company's status.

If the clerk feels like the card is fraudulent, they should contact L. Clark Williams, Director of the Department of Insurance's Fraud Division at 502-564-1461.

- 11. If a customer has a vehicle they do not drive, do they still need to keep insurance on the vehicle?**

Insurance must be maintained on a vehicle as long as there is an active registration. In order to drop the insurance the registration must be cancelled and the license plate must be surrendered to the county clerk's office.

- 12. Are farm tags considered commercial tags?**

As long as the vehicle is moving the farmer's products, it is considered personal. If the vehicle is used to transport people or is used to perform services, it's commercial.

13. How do insurance companies define a vehicle as commercial?

However the policy is defined by the insurance company gives its designation as commercial; it has nothing to do with how the vehicle is used.

14. Can a clerk give out insurance information to the public?

According to KRS 186A.040 (3) b, insurance information does not apply to the Open Records Act, and shall not be disclosed, used, sold, accessed, utilized in any manner, or released by the department to any person, corporation, or state and local agency, except in response to a specific individual request for the information authorized pursuant to the federal Driver's Privacy Protection Act, 18 U.S.C. secs. 2721 et seq. Form TC-96-016 can be filled out in order to obtain information.

15. A customer gives an insurance binder to the County Clerk as proof of insurance. It contains the NAIC #, policy #, effective/expiration date, Commonwealth of Kentucky, basically all the requirements of an insurance card. However, the heading is listed as "Applicants Name" instead of "insured," "named insured," or "policy holder." Would this be acceptable?

This would be acceptable. A binder is issued to provide a commitment/evidence of coverage prior to a policy being issued. Therefore, use of the word "applicant" is consistent with that status.

16. A customer is going to title their truck in Kentucky, but their insurance is through a company in Tennessee. Can this be accepted?

The customer must still provide proof of insurance within the Commonwealth of Kentucky. County Clerks can contact the MVL Helpdesk at 502-564-5301 to check on an insurance company's current status.

Systems Questions:

1. When a Kentucky transfer is processed, the insurance is verified in the system on the 2nd screen. Why is that?

The insurance is verified by the VIN. If the previous owner had valid insurance then AVIS does not look for insurance in the new owner's name, just for insurance on that particular VIN.

- 2. How often is the insurance screen updated? Would that explain why one day the insurance is verified and the next day it may not?**

The insurance screen is updated once a month after the monthly book of business is reported (by the 15th of each month). The system could show insurance as expired before a new book of business comes in.

- 3. On the insurance screen, it states that the clerk can change 2 characters. Does this include the last six characters of the VIN?**

In characters 1-12, only two characters can be changed. Any or all of the last 6 characters can be changed.

- 4. Is it still correct that no NAIC number is required for commercial policies?**

The system (AVIS) requires the NAIC number to be entered for commercial policies. The company must be registered to do business in the Commonwealth.

- 5. What do we tell customers when they ask why they received the uninsured notice letter and there is no apparent reason (VIN is correct, policy type is personal)?**

The problem is most likely a submission error. Each month insurance companies electronically submit their Full Book of Business to Motor Vehicle Licensing. If a VIN is left off the list for any reason, AVIS will flag that vehicle as uninsured.

- 6. A customer comes in to the clerk's office to complete a Title-Only transfer. The vehicle has a special plate on it that has expired. The previous owner has already dropped the insurance and there is no way to renew the plate without proof of insurance. What is the clerk supposed to do?**

The clerk should go to the RC screen, and in the "Cancel Regis" field the clerk should put in the code CCN (Per Customer Request). This will cancel the expired special plate, and the clerk will be able to complete the Title-Only transfer.

7. What exception codes may be used in the NAIC field?

- a.) Self-insured--Use the IU screen, function 5 (Self-insured Inquiry), to record the self-insured code. Example: S1234.*
- b.) Military—MILT*
- c.) Dealer—DLR*

Useful Kentucky Revised Statutes and Administrative Regulations

1. KRS 304.39-090

The Name on the Title Must Maintain Insurance:

An owner of a motor vehicle registered in this Commonwealth who ceases to maintain security as required by the provisions on security may not operate or permit operation of the vehicle in this Commonwealth until security has again been provided as required by this subtitle.

An owner who fails to maintain security as required by this subtitle shall have his or her motor vehicle registration revoked in accordance with KRS 186A.040.

2. 806 KAR 39:070 (4)

Mandatory Contents of the Insurance Card:

- (a) Title of the document: "Commonwealth of Kentucky Proof of Insurance"*
- (b) The name of the insurance company and its five (5) digit NAIC code*
- (c) The name of the named insured*
- (d) The effective date and the expiration date*
- (e) The policy number*
- (f) 1. If the insurance contract covers four (4) or fewer vehicles, the motor vehicle identification: year, make or model, and vehicle identification number of each motor vehicle. 2. If the insurance contract covers five (5) or more motor vehicles, it shall state "Fleet."*

3. KRS 304.39-087 (2)

Insurance Company Must Report Personal Policies Monthly:

Beginning January 1, 2006, every insurance company that writes liability insurance on personal motor vehicles in Kentucky shall, between the first and fifteenth day of each month, send to the Department of Vehicle Regulation a list of the vehicle identification numbers (VINs) of each personal motor vehicle covered by liability

insurance issued by the insurer as of the last day of the preceding month and the name of each personal motor vehicle insurance policyholder. The information shall be submitted either electronically or by paper copy at the option of the Department of Vehicle Regulation.

4. KRS 186A.040 (Paragraph 3, section b)

Open Records Request:

Notwithstanding any other provision of law, information obtained by the department pursuant to KRS 304.39-087 shall not be subject to the Kentucky Open Records Act, KRS 61.872 to 61.884, and shall not be disclosed, used, sold, accessed, utilized in any manner, or released by the department to any person, corporation, or state and local agency, except in response to a specific individual request for the information authorized pursuant to the federal Driver's Privacy Protection Act, 18 U.S.C. secs. 2721 et seq.